



Indiana Department of Revenue

News Release

**Combined Press Release and
Public Service Announcement**
FOR IMMEDIATE RELEASE
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Expecting a Refund from the IRS? Don't Bank on it if You Owe Back State Taxes!

A new federal tax offset program allowing the IRS to deduct back state taxes from federal tax refund checks may affect nonpaying Hoosier "taxpayers" this tax season, reports the Indiana Department of Revenue.

Persons owing the Indiana Department of Revenue for back taxes may soon receive a certified letter from the Department giving them 60 days either to pay, protest or show proof of bankruptcy. Interest will be calculated 60 days in advance to the due date of the notice.

If the taxpayer fails to respond within 60 days, the delinquency will be forwarded to Financial Management Services (FMS), the federal agency that administers this program. FMS will charge a \$16.45 fee for each offset, which will be deducted from the federal tax refund — whether or not it is later determined that the money was owed to the state. *Taxpayers who feel they do NOT owe the taxes billed to them by the Department should begin the process of protest immediately to avoid having this nonrefundable fee deducted from their refunds.* Information has already begun to be sent to FMS, the Department reports.

Indiana has participated in a reverse offset program for years. State tax refunds have been going to the IRS, as well as to other state agencies for back federal taxes, child support and other delinquencies. This will be the first time Indiana has sought to recoup back state taxes from federal tax refunds, since Congress gave legislative approval.

The federal legislation (Title III, Section 3711) allowing states to participate in this tax offset program was passed in 1998 and first became available in January, 2000. However, few states joined the program, due to looming Y2K issues.

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Indiana Government Center North, Indianapolis, IN 46204

Public Service Announcement
(30 seconds)

**DON'T BANK ON AN IRS REFUND IF
YOU OWE BACK TAXES TO THE STATE!**

Hoosiers who are behind in paying their Indiana state taxes may get a shock this year when those taxes, including penalties, interest and a non-refundable collection fee, are deducted from their federal refunds due to a new I.R.S. policy, the Indiana Department of Revenue has announced.

Taxpayers will receive notification from the Department giving them 60 days to pay, protest or show proof of bankruptcy.

Those who feel they do NOT owe the taxes billed to them by the Department should begin the process of protest immediately to avoid paying the nonrefundable collection fee.

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